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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday 13 September 1978 CG NIDC 78/214

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Wednesday, 13 September 1978

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The NID Cable is for the purpose of informing senior US officials.

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PORTUGAL: Government Program Vote

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Three of Portugal's four major parties--the Socialist, the Communist, and the Center Democratic--have introduced motions in the legislature to reject the austerity program of Prime Minister Nobre da Costa's newly installed government, and it appears the government will fall. Such an event would deepen the political uncertainty already jeopardizing economic recovery plans and add to popular disillusionment with Portugal's democratic institutions.

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Of the major parties, only the right-of-center Social Democratic Party, until recently among President Eanes' most vocal critics, has not moved to reject the government's program. The 73 Social Democratic votes in the 263-seat assembly are obviously not sufficient to assure Nobre da Costa's tenure. Even the Social Democrats propose that if he cannot gain more parliamentary support, he should step down once preparations for an early general election are completed in five or six months.

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[] The Socialists, who dominated the two governments set up under the current constitution, consider that Nobre da Costa's nomination undermines the principle of government based on parties, and they contend that a non-party administration would be totally ineffectual. They have not put together an alternative yet, however, and did not invite--and perhaps do not wish--the other parties to join in their rejection motion. The Socialists' 100-odd votes, combined with those of any other major party, would provide the absolute majority needed to oust the government.

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[] The Communists reject the alleged reactionary qualities of the new government but say they will not join in other parties' rejection motions. Their motion is unlikely to attract enough votes to oust the government, and their main concern is to preserve political stability until a smooth transition to an election or to a new Socialist government can be worked out.

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[] The Center Democrats, who committed their 41 seats to an ill-fated governing alliance with the Socialists in February, seem most likely to vote with their old partners. Unlike the Socialists, they accept the concept of non-party government but they can abide neither Nobre da Costa's selection of three leftist ministers nor inferences that he will continue in office until 1980.

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[] Thus, although most legislators would prefer to see Nobre da Costa stay on for awhile, party strategy has been so poorly coordinated that the government's fall seems increasingly likely.

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[] Once ousted, a government remains in office as caretaker until the President names a replacement. Eanes could leave Nobre da Costa in office until the groundwork for an election is completed.

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[] The effect of a prolonged government crisis could be grave for Portugal. Legislation passed under the previous government allows for some economic progress, but not nearly enough for a comprehensive recovery. Government uncertainty is also hampering settlement of protracted labor disputes in the critical tourism and shipping industries.

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[] Equally serious are the consequences of the crisis on Portuguese public opinion. Disillusionment with the brief democratic experience is growing, and recent polls suggest that as much as a fourth of the electorate would abstain if called on to vote today. Such a tendency would clearly benefit the better organized left and could produce a legislature and a government even further out of touch with the country's essentially conservative population. []

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NICARAGUA: Border Incident

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[] *//Nicaraguan aircraft apparently crossed into Costa Rican territory yesterday to fire on fleeing Sandinista guerrillas. Costa Rica has protested the incursion, which seems to be part of a stepped up military campaign by the Somoza government to counter the latest guerrilla offensive. The National Guard is continuing operations to regain control of the four provincial towns where Sandinista attacks have been focused.//*

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[] *//The Somoza government asserted that its aircraft--in hot pursuit of a band of 50 guerrillas that had crossed into Nicaragua and attacked a small town--did not enter Costa Rican airspace. Costa Rica charged that the planes crossed the border in the Penas Blancas area and wounded at least one Costa Rican. The incident comes at a sensitive time--when separate initiatives by Costa Rica, supported by the US and Venezuela, are focusing the international spotlight on Nicaragua in hopes of breaking the domestic political impasse.//*

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[] The Sandinistas have acknowledged that Costa Rica is their primary training and staging area for operations against the Somoza regime.// The dramatic seizure of the National Palace on 22 August was reportedly planned and staged from Costa Rica.//

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[] *//The cross-border sorties could represent a conscious decision by Somoza to bow to Guard pleas for a freer rein in countering the current guerrilla offensive. The President acknowledged that 30 guardsmen had been killed and 70 wounded*

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since Saturday in what he termed the most serious attempt to overthrow the government in 50 years. He may believe that an unrestrained counteroffensive could eliminate the guerrilla threat and cement his own base of support before international pressure could take the form of decisive sanctions//

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[redacted] //Meanwhile, the Guard continues operations to regain control of the four cities where Sandinistas and their youthful supporters have been fighting since Saturday. Masaya and Leon may already be secured, and Esteli and Chinandega should soon be under control.//

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[redacted] //Managua has been relatively quiet, [redacted]

[redacted] The Guard has been much more forceful than in the recent past, and the death toll of guerrillas, guardsmen, and civilians will probably run into the hundreds.// [redacted]

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[redacted]

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